

Senate File 410 - Introduced

SENATE FILE _____
BY ZIEMAN

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act providing for the acquisition of multiple interests in
2 business associations allowed to hold agricultural land, and
3 making penalties applicable.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
5 TLSB 2701XS 82
6 da/es/88

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1 1 Section 1. Section 10.4, subsection 1, paragraph b, Code
1 2 2007, is amended to read as follows:

1 3 b. The person holds a ~~fifteen~~ twenty percent or greater
1 4 interest in a networking farmers corporation having seven or
1 5 more stockholders.

1 6 Sec. 2. Section 10.6, subsection 1, paragraph b, Code
1 7 2007, is amended to read as follows:

1 8 b. The person holds a ~~fifteen~~ twenty percent or greater
1 9 interest in a networking farmers limited liability company
1 10 having seven or more members.

1 11 Sec. 3. Section 10.8, subsection 1, paragraph b, Code
1 12 2007, is amended to read as follows:

1 13 b. The person holds a ~~fifteen~~ twenty percent or greater
1 14 interest in a farmers cooperative association having seven or
1 15 more members.

1 16 EXPLANATION

1 17 GENERAL. This bill applies to a person who is an investor
1 18 in a business association (a stockholder of a corporation or a
1 19 member of a limited liability company or cooperative) which is
1 20 allowed to hold agricultural land under Code chapter 10
1 21 (notwithstanding a general prohibition against such ownership
1 22 provided in Code chapter 9H). Under provisions in Code
1 23 chapter 10, the person cannot invest in a second such business
1 24 association if the person owns a certain percentage of equity
1 25 interest (shares or membership interests) in the first
1 26 business association. The percentage is based on the number
1 27 of other investors who belong to the first business
1 28 association. For a business association having six or fewer
1 29 investors, a person who wants to invest in the second business
1 30 association must not own 25 percent of the equity interest in
1 31 the first business association. Otherwise, the person must
1 32 not own 15 percent of equity interest in any such business
1 33 association having seven or more investors.

1 34 The bill provides that the person who belongs to a business
1 35 association having seven or more investors and who owns less
2 1 than 20 percent of the equity interest in the first business
2 2 association may invest in the second business association.

2 3 Code section 10.12 provides that a person who holds
2 4 multiple interests in a business association in violation of
2 5 the statutory prohibitions is subject to a civil penalty of
2 6 not more than \$1,000, and the person must divest the interest
2 7 so held.

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